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Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-01 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 RSC-01 AID-05 CIEP-01 SS-15

STR-01 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

IO-10 /091 W
---------- 040410
R 262016Z DEC 74
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 7072

C O N F I D E N T I A L CARACAS 12660

E.O. 11652: GDS
TAGS: ETRD VE
SUBJ: COPEI SCOUTING EXPEDITION ON IMPACT OF U.S. TRADE ACT

REF: STATE 279785

1. AT HIS REQUEST I RECEIVED A VISIT THIS MORNING FROM FORMER VENEZUELAN AMBASSADOR TO THE UNITED STATES JULIO SOSA RODRIQUEZ WHO SAID THAT HE WOULD LIKE SOME INFORMATION AS TO THE SCOPE AND IMPACT OF THE RECENTLY PASSED U.S. TRADE ACT. AS HAS BEEN THE CASE WITH THE PRESIDENT OF VENEZUELA AND OTHER IMPORTANT CITIZENS OF THIS COUNTRY, SOSA IS DEEPLY CONCERNED AT THE CLAUSE EXCLUDING OPEC "AND OTHER CARTEL COUNTRIES" FROM THE BENEFITS OF GENERALIZED PREFERENCES.

2. WE HAVE GIVEN AMBASSADOR SOSA SUCH PUBLIC INFORMATION AS COULD BE GLEANED FROM REFTEL AND HAVE PROMISED TO SEND HIM THE COMPLETE TEXT OF THE ACT WHEN EVENTUALLY RECEIVED HERE IN THE CONGRESSIONAL RECORD.

3. SOSA PRESENTS AN ARGUMENT WHICH WILL UNDOUBTEDLY BE PUT FORWARD AT LEAST BY EX-PRESIDENT CALDERA AND FORMER FOREIGN MINISTER
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CALVANI (WHO I SUSPECT SENT HIM ON HIS MISSION TO ME THIS

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MORNING). HIS FIRST QUERY IS, IF THE FORMER US-VENEZUELAN
RECIPROCAL TRADE AGREEMENT CONVEYED TO ALL OIL-PRODUCING COUNTRIES
THE LOW TARIFF RATES ACCORDED VENEZUELA IN THAT AGREEMENT BECAUSE OF
THE MOST FAVORED NATION CLAUSE, WHY SHOULD VENEZUELA, ON A BASIS
OF RECIPROCITY, NOT CONTINUE TO BENEFIT FROM THE MFN CLAUSE WHICH
WAS PRESERVED IN OUR EXCHANGE OF NOTES WITH VENEZUELA ON
JUNE 26, 1972? WE EXPLAINED THAT UNDER GATT PROCEDURES, MFN
TREATMENT IS EXPLICITLY WITHHELD FROM GENERALIZED PREFERENCES. TO
THIS AMBASSADOR SOSA REPLIED THAT FOR ALMOST 22 YEARS VENEZUELA HAD
IN FACT GIVEN BENEFITS TO THE U.S. AND ALL OIL-PRODUCING COUNTRIES
SENDING THEIR PRODUCTS TO THE UNITED STATES BECAUSE OF MFN TREATMENT
AND THEREFORE IT SHOULD CONTINUE IN FUTURE TO BENEFIT BY MFN
FOR GENERALIZED PREFERENCES.

4. ALTHOUGH CONCEDING THAT AS A MATTER OF PRACTICAL CONSEQUENCE,
VENEZUELA WOULD FOR MANY YEARS NOT BE IN A POSITION TO SEND PRODUCTS
TO THE UNITED STATES WHICH WOULD QUALIFY FOR GENERALIZED PREFERENCES,
SOSA SAID THAT IT WAS RANKLING FOR VENEZUELA TO BE SINGLED OUT
WITH OTHER OPEC COUNTRIES FOR DISCRIMINATORY TREATMENT.
TO THIS WE REPLIED THAT THE DEPARTMENT OF STATE IN THE PERSON OF
SECRETARY KISSINGER HIMSELF HAD ALREADY MADE THIS POINT BEFORE THE
SENATE FINANCE COMMITTEE, AND WE GAVE HIM THE TEXT OF THE
SECRETARY'S STATEMENT WHICH I HAD LAST FRIDAY ALSO HANDED TO THE
FOREIGN MINISTER.

5. WE SAID WE WERE STILL AWAITING INTERPRETATION FROM WASHINGTON
AS TO VARIOUS APPLICATIONS OF THE TRADE ACT. I SUGGESTED ON A PERSONAL

BASIS THAT PERHAPS A WAY OUT MIGHT BE FOUND IN THAT LANGUAGE OF THE
SPECIAL TREATMENT OF OPEC "AND OTHER CARTEL COUNTRIES" WHICH READS
THAT "THE PRESIDENT WAS GIVEN AUTHORITY TO EXEMPT SUCH A COUNTRY
IF IT ENTERS INTO AND COMPLIES WITH SUPPLY ACCESS AGREEMENT MEETING
TERMS OF STATUTE WHICH INCLUDES MILTILATERAL ARRANGEMENTS."
I SAID THAT WITHOUT FURTHER INTERPRETATION FROM WASHINGTON WE WERE
NOT QUITE SURE WHETHER THIS LANGUAGE WOULD FIT THE SITUATION OF
VENEZUELA, BUT IT DID SEEM TO ME ON A HYPOTHETICAL BASIS THAT IF
VENEZUELA COULD ENTER INTO A SUPPLY ACCESS AGREEMENT ON SUCH A
COMMODITY AS PETROLEUM, IT MIGHT BE POSSIBLE FOR OUR PRESIDENT TO
EXEMPT VENEZUELA FROM THE DISCRIMINATORY PROVISIONS OF THE LAW
BEARING ON OPEC COUNTRIES. THE DEPARTMENT'S VIEW OF THIS
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INTERPRETATION IS REQUESTED.

6. COMMENT: ALTHOUGH SOSA IS NO LONGER AN OFFICIAL OF GOV,
WE MUST BEAR IN MIND THAT IN ADDITION TO HAVING BEEN AMBASSADOR
TO THE UNITED STATES IT WAS HE WHO SINGLEHANDEDLY NEGOTIATED
VENEZUELA'S ENTRY INTO THE ANDEAN PACT. IN CONSEQUENCE, HIS
OPINIONS, IF PUBLICLY UTTERED, WILL CARRY GREAT WEIGHT; AND
I SUSPECT THAT HE WAS SENT ON A FORAGING EXPEDITION IN ORDER TO REPORT

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BACK TO COPEI PARTY CHIEFS AS TO WHAT LINE THEY SHOULD BEST ADOPT
IN ORDER TO BE AHEAD OF THE ADECOS IN STRIKING A NATIONALISTIC POSE.
WE WERE CAREFUL TO INDICATE THAT WE WERE SPECULATING WITHOUT INSTR-
RUCTIONS AND WITHOUT ANY COMMITMENT BY USG. IT MAY BE OF FURTHER
INTEREST THAT CALVANI CALLED ME THIS MORNING AND ASKED IF HE AND
HIS WIFE COULD COME BY TOMORROW TO PAY A PERSONAL VISIT ON MRS.
MCCLINTOCK AND MYSELF.
MCCLINTOCK

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To: STATE
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